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Spotlight

ON FOREIGN MARKETING

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NOV 25 1958



U. S. DEPARTMENT OF

TO U.S. AGRICULTURAL ATTACHES AND FAS STAFF MEMBERS

Vol. 1, No. 6

May 20, 1957

HONG KONG PREFERS U. S. FROZEN FOODS to those obtained from Red China. In this colony of 2.5 million population, U. S. products are slowly but surely winning the battle of consumer preference. A recent survey shows that of 17 large provision stores, which ordinarily sell only native products from the mainland, 15 are selling U. S. frozen chickens and pork by-products. The change in buying began in earnest this year.

The colony's food dealers said that better quality and lower prices of U. S. products prompted changing consumer buying habits. Despite higher freight and labor costs, U. S. food products are underselling top grades from the mainland because of food shortages and inflated prices in China.

Exports of assorted poultry products to Hong Kong in 1953 totaled only 28,000 lbs.; in 1956 sales totaled 800,000 lbs. The total for the current year is expected to be even higher.

There is a growing demand for U. S. frozen food products on the world market. FAS visitors to Hong Kong last winter noted the high retail prices being charged in local markets for meats and especially edible offals. This story indicates that distance and transportation costs are not always deterring factors in making sales and that price is the ultimate determining factor.

INDUSTRIALIZATION IS HELPING TO SELL MORE U. S. FARM PRODUCTS ABROAD. Higher standards of living in Japan, for example, has increased demand for our tallow. During the past four years sales have jumped from 50 million pounds annually to 200 million pounds. The reason for the increase is washing machines. In 1949 Japan produced 364 units; today over a million machines are in use. Demand for soap increased proportionately. About 90 million pounds of soap are required to keep the home laundries in operation. This was the biggest single factor affecting our exports of tallow. It clearly illustrates that when people earn a little more money they become even better customers for our farm products.

PERU HAS BOUGHT 60 U. S. CORRIEDALE SHEEP for about \$21,000. Rolo E. Singleton, Executive Secretary of the American Corriedale Breed Association, selected 20 rams and 40 ewes and will accompany them to Peru this month. Dean H. N. Briggs of the U. of Wyoming, a well-known U. S. sheep specialist, is in Peru on a market development project for FAS. He is working with agricultural officials and private breeders and will judge sheep at two livestock shows.

INCREASING STATE CONTROL OF HOG CHOLERA VACCINE CONTRIBUTES TO PORK EXPORTS. Fourteen States have enacted legislation to outlaw use of live virus hog cholera serum except for emergency control conditions. Active support for these controlled measures is coming from livestock producers' organizations, Farm Bureau, and American Meat Institute.

These controls help increase U. S. exports of pork products. Many potentially important markets for our pork prohibit imports from the U. S. because of hog cholera here. Meat exporters and government agencies face difficulties in obtaining removal of these barriers to U. S. pork products as long as hog producers continue to use the live virus serum for ordinary disease control. The United Kingdom, Canada, Austria, and some British possessions in the Caribbean are among the areas which are closed to U. S. pork exports because of the cholera problem.

MORE LARD IS BEING USED IN THE MANUFACTURE OF SHORTENING, both in the U. S. and abroad. Blending of lard with other oils for shortening has many practical aspects, but lower prices are a predominant factor. Supplies of lard for blending are still plentiful.

During 1956 more than 550 million pounds of lard were used in the making of shortening, an increase of more than 50 percent over 1955, and double the amount used for this purpose in 1951. The amount used for shortening last year accounted for one fourth of the Federally-inspected production. Exports for the same period also amounted to a similar volume, little changed from total exports in the two preceding years.

U. S. AGRICULTURAL EXPORTS SET NEW RECORDS IN VALUE AND QUANTITY in the first 9 months of the 1956-57 fiscal year. The July-March 1956-57 estimated value of \$3.6 billion exceeded the previous high of \$3.2 billion in 1951-52 by 11 percent. In quantity, the gain was about one-third.

Compared with a year ago, July-March exports advanced 44 percent in value and 50 percent in quantity.

The factors in the export expansion have been: (1) competitive pricing of CCC-owned cotton and several other export products; (2) strong financial position of most of this country's best customers; (3) expanded government export programs, including foreign currency sales and barter; (4) larger foreign needs for wheat, fats and oils, and other commodities; (5) continued progress toward easing of barriers against imports from the United States; (6) growing desire abroad for high-quality products.

Largest increases have been to less-developed nations. Exports have more than doubled to France, Spain, Italy, India, Pakistan, and Korea. Three-fourths of the increase went to countries other than the five largest overseas buyers -- United Kingdom, Japan, West Germany, Canada, and Netherlands.

Exports to countries other than the 5 largest markets are accounting for 55% of the total this year compared with 49% last year.

THE GOLD AND DOLLAR POSITION OF OUR FOREIGN BUYERS. Total (public and private) gold and dollar assets of foreign countries increased \$1.9 billion during 1956 and on December 31 amounted to \$29.3 billion^{1/} (Table I). Of this increase about \$1.5 billion was due to a net receipt of dollars from commercial and governmental transactions with the United States. The remainder resulted from drawings on the International Monetary Fund and from gold transactions.

Fourteen countries held at the end of 1956 gold and dollar assets in excess of \$500 million.

	Gold and Dollar Assets		
	Dec. 31 1956	Change since Dec. 31, 1955	Assets as % of imports
	-Millions U. S. Dollars-		Pct.
Germany	3,341	+959	50
United Kingdom	3,010	+128	28
Canada	2,996	+386	48
Switzerland	2,646	+248	136
France	1,541	-596	28
Italy	1,290	+151	41
Belgium-Luxembourg	1,236	+25	38
Japan	1,171	+138	36
Netherlands	1,080	-64	29
Venezuela	1,061	+390	96
Portugal	628	+27	142
Mexico	604	+44	57
Brazil	551	+83	45
Cuba	514	-44	108

Details in Circular FATP-16-57, April 25, 1957

^{1/} Excludes U.S.S.R. gold holdings.

USDA STUDIES SHIFT FROM BUSHELS TO HUNDREDWEIGHT FOR GRAIN. Although farmers and the grain industry would gain many benefits through a shift from bu. to cwt. in measuring grains, there would be a number of problems and extra work during the change-over period.

The change has been under study for years in the grain trade. A new report presents views of persons representing farm organizations, elevator men, grain dealers, bankers, governmental statistical workers, and other interested groups.

Two major advantages were emphasized: 1. conversion between bus. and lbs., now necessary in much trading, would be eliminated, save much work, and avoid errors; and 2. comparisons of prices and feeding values would be much easier on the cwt. basis, in contrast to present comparisons of bushels of differing weights.

Disadvantages cited involved need for changes in: 1. thinking by farmers and the grain trade, 2. legislation, 3. forms and office procedures, 4. statistics, and 5. trading practices.

It was generally agreed that the advantages would eventually outweigh the disadvantages after a period of adjustment; also at least a year advance notice should be given.

IMPROVEMENT IN THE GOLD AND DOLLAR POSITION OF FOREIGN COUNTRIES since 1949 has been facilitated by an increase of over 80 percent in U. S. imports of goods and services, by continuing large U. S. military and aid expenditures abroad, and by improvements in the monetary and fiscal policies of many countries. As a result, foreign countries greatly increased their takings of U. S. goods and services while, at the same time, building up their gold and dollar assets.

Balance of Payments of the United States with foreign countries^{1/}
(in billions of dollars)

	1949	1955	1956 ^p
I. Dollars paid by foreign countries for-			
A. U. S. exports of goods and services			
1. Merchandise	12.1	14.3	17.3
2. Services and other transactions	3.7	5.7	6.1
B. Unaccounted Transfers and errors and omissions (net)	.8	.5	.6
<u>Total Dollars Paid</u>	<u>16.6</u>	<u>20.5</u>	<u>24.0</u>
II. Dollars received by foreign countries from-			
A. U. S. imports of goods and services			
1. Merchandise	6.9	11.5	12.8
2. Services and other current transactions	2.5	3.9	4.4
B. Private Capital outflow (net) ^{2/}	.6	1.2	2.7
C. U. S. Government spending			
1. Military and General Expenditure	.9	3.1	3.3
2. U. S. economic grants and loans	5.6	2.2	2.3
<u>Total Dollars Received</u>	<u>16.5</u>	<u>21.9</u>	<u>25.5</u>
III. As a result of these transactions foreign countries gold and dollar assets-			
increased		1.4	1.5
decreased	-.1		

p Preliminary 1/ Excluding Military Supplies and Services

2/ Excluding transactions in government securities

U. S. HAS BIGGER SHARE IN WEST EUROPE'S IMPORTS OF FARM PRODUCTS. Western Europe is U. S. agriculture's traditional and most important export market, taking almost half our farm exports. The U. S. share in this area's imports of agricultural products in 1956 was around 12 percent. In 1953 and 1954 it was around 10 percent and rose to 11 percent in 1955.

The volume of West Europe's imports of farm products recently was continued slightly less than in prewar. The U. S. share has increased about 40 percent since 1937 when the U. S. had only 8 percent of the value imported by the area.

Issued by FAS, USDA, Washington 25, D. C. Distributed only to U. S. Agricultural Attaches, and selected officers in the Department of Agriculture for internal use.

MARKETING NOTES - U. S. LARD

Superior Quality. About 80 percent of the lard entering world trade originates in the United States. U. S. lard is recognized for its superior quality. This is made possible by the size of the swine industry and by modern high volume processing equipment adaptable to producing lard of the highest acceptability for world markets.

Lard is a highly digestible product which can be used both as a shortening and cooking fat. It can be modified in flavor, texture, and plasticity to meet practically every need.

Rendered From Best Fat. The term "lard" is applicable only to the fat rendered from fresh, clean, sound, fatty tissues from hogs in good health at the time of slaughter. (Lard tissues do not include bones, detached skins, ears, tails, organs, scrap fat, skimmings, settlings, pressings, and the like.) The trade frequently uses the term "pure lard". This means exactly the same thing as "lard".

Types of U. S. Lard. There are two general types of U. S. lard:

(1.) Natural lard: This product retains the natural lard flavor which is in demand in many foreign markets. Prime steam lard or dry rendered lard is available. It can be produced with a grainy or smooth texture. Natural lard is perishable and should be stored under refrigeration. Where refrigeration is not available, it should be hardened by adding lard flakes and stabilized by adding antioxidants.

(2.) Bland lard: This product is manufactured from natural lard. It is used as a cooking fat or shortening where natural taste and aroma are not desired. Bland lard is especially adapted to the baking of delicatd flavored cakes and other pastries. In addition to being deodorized, it is bleached, hardened, stabilized to prevent oxidation, and plasticized. This makes it an all-purpose product which can be stored without refrigeration.

Variety of Containers. U. S. lard is available in a variety of packages or containers according to trade requirements. Normally available are:

- (1) Prints of 1 pound shipped in fiber or wooden boxes.
- (2) Tins of 3 pounds, 37 pounds, and 50 pounds. The tins can be overpacked in wood for export markets.
- (3) Wooden or fiber boxes containing 56 pounds.
- (4) Steel drums containing (approx.) 400 pounds.
- (5) Bulk. Bulk shipments in tankers have been limited so far but hold promise of expanding.

Federally Inspected. All lard exported from the U. S. must be inspected by the U. S. Department of Agriculture, in accordance with the Meat Inspection Act. The official mark of inspection must appear prominently on the container. This mark and the export certificate indicate that the lard at time of inspection was sound, healthful, wholesome, and fit for human consumption.

This inspection in itself has nothing to do with types of lard and specifications. These must be spelled out in the purchase contract. Arrangements can be made for Federal inspection against the contract specifications.

Open Market Pricing. Lard is not a price support item under CCC operations and none is available from government stocks. Prices are established competitively in the open market and daily quotations are published. A futures market is operated in Chicago. Base prices are quoted for car lots of prime steam loose lard, Chicago. Export prices are Chicago plus internal freight, packaging and cost of meeting other specifications.

Advantages of U. S. Lard Summarized.

- (1) Superior freshness, uniformity and year around availability.
- (2) Inspected by USDA with certification available showing compliance with import specifications.
- (3) Packaged according to trade requirements.
- (4) Adaptable to modification according to market requirements.
- (5) Highly competitive in price.

Livestock & Meat Products
Division, FAS, 4/2/57

MARKETING NOTES - U. S. RICE

The United States produces for export a wide range of types and varieties of rice which are similar to and competitive with other rice moving into international trade. We became a major exporter after World War II and have maintained third position in rice exports for the past several years.

U. S. mechanized production practices provided for the immediate movement of rough rice as it comes from the field at harvest to storage by the use of mechanical driers. With a controlled moisture content at all stages of handling of both rough and milled rice, there can be no field damage because of weather conditions at or immediately following harvest.

The milling processes are so developed that the milled rice product is of a quality not surpassed by other exporters and superior to a large portion of milled rice moving into international trade.

The U. S. processor can readily furnish rice, in the form of (1) milled, (2) parboiled, and (3) vitamin fortified to be shipped in bulk or any type of bag or container.

U. S. rice is sold in a free market, and for purchasers of cargo lots, the U. S. rice industry has two export corporations operating individually in the Gulf and West Coast ports who can pool orders and deliver rice in volume to insure rapid loading.

U. S. rice generally is sold under U. S. official rice grades, affording purchasers the most adequately known protection to insure contract performance and quality maintenance.

The quality of U. S. rice is so maintained throughout the various grades that a grade having 35% broken kernels is as nutritious as one having 4%. Standards for quality are rigid and exceedingly high. The broken content of U. S. rice under official grades is of high quality with practically all the broken or split kernel being of the class usually known as "large" broken. The fine broken and pieces of kernels are not considered as edible rice, but are used for industrial purposes.

Facilities are available in both principal port areas for final inspections, grade inspections, fumigation, and weight checks, all of which promote the efficient loading of a high quality product.

